

# IN THE WORKS

*TUNE IN HERE FOR NEWS ABOUT PERSONNEL SYSTEM REFORM IN WASHINGTON*

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## Contracting: Developing a Competitive Edge

For state employees, competitive contracting probably is the most controversial part of Washington Works, the three-prong effort to improve the state personnel system. This provision of the Personnel System Reform Act of 2002 – even more than civil service reform and expanded collective bargaining – could dramatically change how the state does business and how employees do their jobs.

### CONTRACTING IS EXPANDED

State government, as well as state colleges and universities, already contract with the private sector and non-profit organizations for many services. State agencies sometimes contract with other state agencies when those arrangements can deliver services more efficiently. What's different under the new law is that contracting now can be expanded to services "traditionally and historically provided by state employees."

The purpose of expanded contracting is to help state agencies and higher-education institutions to find better, more cost-effective ways to provide services. It creates a market environment – where appropriate – and encourages employees to develop a competitive edge.

### IT STARTS IN 2005

Washington Works, through the Department of General Administration and Department of Personnel, is working on rules that direct how competitive contracting will be conducted, and how employees will be affected by proposals to put a service out to bid. We think the rules will help employees see competitive contracting as an excellent opportunity to redesign how they do their jobs in order to deliver better results to those they serve at a competitive price.

Starting in July 2005, state agency directors, and state colleges and universities, can choose to make a service performed by their agency subject to competitive contracting. That means they can seek bids for contracts to perform a service when they believe contracting will result in savings or efficiency improvements.



*A Great Workforce, Getting Better.*

*In the Works* is an electronic newsletter that is home-based at the **Washington Works** Internet website:

[www.washingtonworks.wa.gov](http://www.washingtonworks.wa.gov)

The website will link you to a wealth of information and resources about Washington's personnel system and its transformation-in-progress.

### STATE WORKERS CAN COMPETE

However, employees affected by a contracting proposal have the power to use the law's contracting provisions for their own benefit. That is because they can compete in two ways for the work by developing better ways to get the job done. And it's this provision that could dramatically change the workplace for the better for state workers – because people already doing a job are the ones who know most about how to do it better.

When a service is made subject to contracting, employees now doing the work can have the first crack at proposing alternatives that meet objectives that prompted agencies to consider contracting. If management accepts the alternatives offered by the employees, the contracting proposal is put aside.



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## EBUs Mean New Opportunities

If an agency decides to go forward with contracting, employees now doing the work to be contracted out can form an “employee business unit” (EBU) to compete with others for contracted work.

What this means is that an EBU that submits a winning bid can, with agreement of the parent agency, operate outside limits imposed by civil service rules or labor contracts. Potentially, an EBU that is living up to its performance agreement with its parent agency can write its own ticket with respect to organization of the unit, salaries, work rules, vacation leave, sick leave, training and any other accommodation the EBU believes will support its success.

### EBU EMPLOYEES WILL REMAIN STATE EMPLOYEES

While specific rules for contracting are still being developed, Washington Works has made a key decision about the status of employees who form an EBU and submit a winning bid for contracted work: They will remain state employees and keep the same pension and health benefits that other state employees have.

The Departments of General Administration and Personnel are working on EBU rules through the formal rules review and public hearing process. Characteristics of EBUs that are under consideration are:

### BASIC CHARACTERISTICS

- The state would be contracting with its own employees when it awards a contract to an EBU.
- EBU membership would be limited to positions directly affected by a contract award. “Employees” would include line employees, supervisors and managers.
- The EBU would become a unit within the parent agency. The unit or positions being replaced by an EBU would be eliminated.
- A performance agreement would define the relationship between the parent agency and the EBU.

### **PARTICIPATION IN AN EBU**

- Anyone who is an employee affected by an agency's intent to contract work could take the lead in forming an EBU.
- Affected employees could form multiple EBUs comprised of different combinations of themselves to respond to a request for bids.
- Affected employees would not be required to join an EBU and could exercise options available to them through the personnel system.
- All affected employees might not end up being part of the EBU.

### **STRUCTURE OF AN EBU**

- An EBU would have its own organizational structure within the parent agency.
- An EBU could propose to involve resources from other agencies or organizations as partners or subcontractors.

### **TREATMENT OF EMPLOYEES IN A WINNING EBU**

- Employees in an EBU that win a bid would assume a new employment status with the state system.
- This new status could provide for exceptions to civil service rules or collective bargaining agreements to accommodate EBU needs

### **PROCESSES AND LEGAL REQUIREMENTS**

To the highest degree possible, an EBU would be held to the same performance standards and requirements as any other bidder. An EBU also would be expected to commit to and demonstrate compliance with relevant state and federal laws. To achieve compliance, the EBU could choose to use, and pay for, state systems to achieve compliance or find alternative strategies to meet state requirements.

### **HELP TO FORM AN EBU**

Washington Works knows the tasks involved in creating a new organization and then bidding on a service contract are daunting. For that reason, we're working to create an EBU support team as a joint effort by the three state agencies that comprise Washington Works – the Office of Financial Management, Department of Personnel and Department of General Administration. Washington Works also encourages labor unions and other groups to create EBU support organizations.

## WHO'S WHO

### *Washington Works Committee Memberships and Meeting Schedules*

Committee	Members	Meeting Schedule
Cabinet Advisory	10 agency directors	Twice a month
Operations	Deputy directors of all state agencies	Once a month
Program Directors	Deputy directors of GA and DOP, and director of Labor Relations Office	Weekly
Project Managers	Staff from sponsoring agencies responsible for individual Washington Works projects	Weekly
Communications Advisory	Communications directors of sponsoring agencies and other representative agencies	Weekly

## Coordination key to personnel reform success

**Washington Works** is the name of the overall effort to carry out the changes called for in the Personnel System Reform Act of 2002. It's a collaborative process endorsed by Gov. Gary Locke and sponsored by the Department of Personnel (DOP), Department of General Administration (GA) and the Office of Financial Management (OFM).

Washington Works will introduce the biggest change to the state workforce system in a generation, and it affects every state agency, as well as public colleges and universities.

Vital to the success of Washington Works is close and effective coordination among the sponsoring agencies. Furthermore, given the scope of the changes, all state government organizations have an interest and a role in shaping how this effort unfolds.

Along with being the home of the Governor's Labor Relations Office—responsible for negotiating collective bargaining agreements with employee unions—OFM's further responsibility is for overall coordination of the implementation process. OFM staff support several standing committees that form the management and coordination structure for Washington Works.

In addition, Washington Works is a frequent agenda topic for Gov. Locke's bi-weekly executive cabinet meetings and monthly meetings of all state human resource managers.

LOOK FOR THE NEXT ISSUE OF IN THE WORKS COMING SOON!

